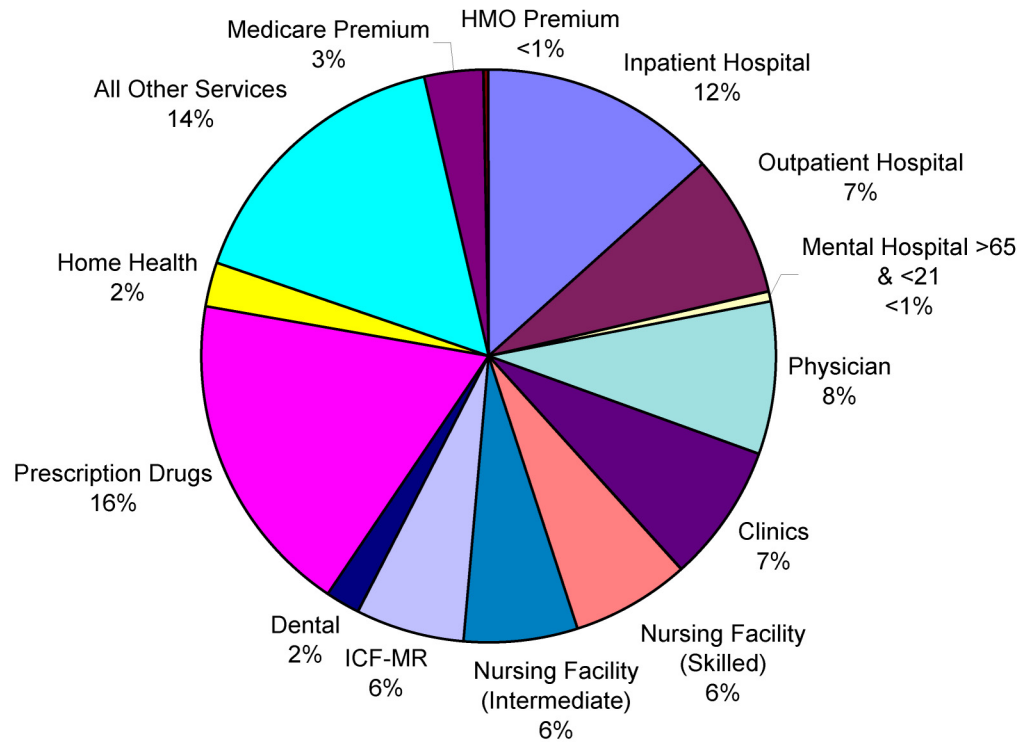


expenditures. DMA spent approximately \$310 million or 4.2 percent of total SFY 2003 expenditures on administration. This is a relatively modest amount when compared with Medicaid programs in the other 49 states (source: Federal Fiscal Year 2001 CMS 64 Report; the most recent comparative data). Of all Medicaid services provided, the Prescription Drug service category was the most expensive, at roughly \$1.2 billion, or 16.2 percent of all service expenditures as shown in **Table 6** and **Exhibits 7 below and 8** on the next page. This was an increase of roughly \$147 million, or 14 percent, over the previous fiscal year. Approximately 51 percent of the increased expenditure was due to the change in the average monthly number of recipients. A total of 35 percent of the Prescription Drug expenditure increase was due to a change in the average amount paid per prescription, due in part to price increases and the type of drugs prescribed. The remaining 14 percent was due to an increase in the average number of prescriptions per recipient. Increased annual expenditures at 14 percent are compelling DMA to continue its intensive prescription drug cost containment efforts during SFY 2004 and beyond. Inpatient hospital services, the second highest category of service expenditures, accounted for approximately \$843 million, or 11.8 percent, of total service expenditures. This was an increase of approximately \$10 million, or 1.2 percent, mostly attributable to an increase in the number of individuals receiving this service. **Exhibit 7** gives a picture of the growth of DMA's service expenditures from SFY 2002 to SFY 2003, showing the highest categories of non-long term care expenditures, while grouping the long term care expenditures. It is worthwhile noting that while Total Services and Premiums expenditures grew by \$411 million, or 6.7 percent, the non-long term care expenditures grew by 9.7 percent while long term care grew by only 1.2 percent.

Exhibit 7 NC Medicaid Highest Categories of Non-Long Term Care Expenditures SFY 2002 vs. 2003 Sorted on Amount of Change			
<u>Category of Service</u>	<u>SFY 2003 Expenditures</u>	<u>Amount of Change</u>	<u>% Change</u>
Prescription Drugs	\$1,203,630,913	\$147,472,163	14.0%
Outpatient Hospital - General	\$339,777,292	\$86,972,807	34.4%
Mental Health Clinics	\$394,342,036	\$79,164,556	25.1%
Outpatient Hospital - ER	\$166,031,246	\$44,341,161	36.4%
Dental	\$129,089,384	\$24,701,381	23.7%
Inpatient Hospital	\$843,137,417	\$9,848,155	1.2%
Physician	\$571,538,736	(\$12,256,273)	-2.1%
Other Non-Long Care Term	\$691,978,615	\$4,034,051	0.6%
Total Non-Long Care Term	\$4,339,525,639	\$384,278,001	9.7%
Total Long-Term Care	\$2,247,261,944	\$26,599,360	1.2%
Total Services & Premiums	\$6,586,787,583	\$410,877,362	6.7%
Note: Long-term care includes skilled and intermediate care nursing facilities, hospital long term care, home health, durable medical equipment, Community Alternative Programs, home infusion therapy, hospice, personal care services and adult care home services.			

Exhibit 8
NC MEDICAID SERVICE EXPENDITURES - SFY 2003



As indicated in **Table 10** and in **Exhibit 9**, overall health services costs per recipient rose slightly. The SFY 2003 total annual service expenditures for each recipient were \$4,407, a modest 2.8 percent increase over the previous year. Among the service provider groups shown here, per recipient expenditures were the highest for Hospital services (\$966 per recipient) and lowest for Medicare Part A and Part B premiums (\$145 per recipient). Between SFY 2002 and 2003, the highest per recipient expenditure increase was 9.9 percent for Pharmacy and the largest decrease was 4.8 percent for Institutional services (i.e., non-behavioral health skilled nursing and intermediate care facilities).

As **Exhibit 10** on the next page indicates, approximately 88 percent of North Carolina's Medicaid recipients received services from a physician at least once during SFY 2003

Exhibit 9
NC Medicaid Expenditures Per Recipient - SFY 2003
All Eligibles by Service Provider Group

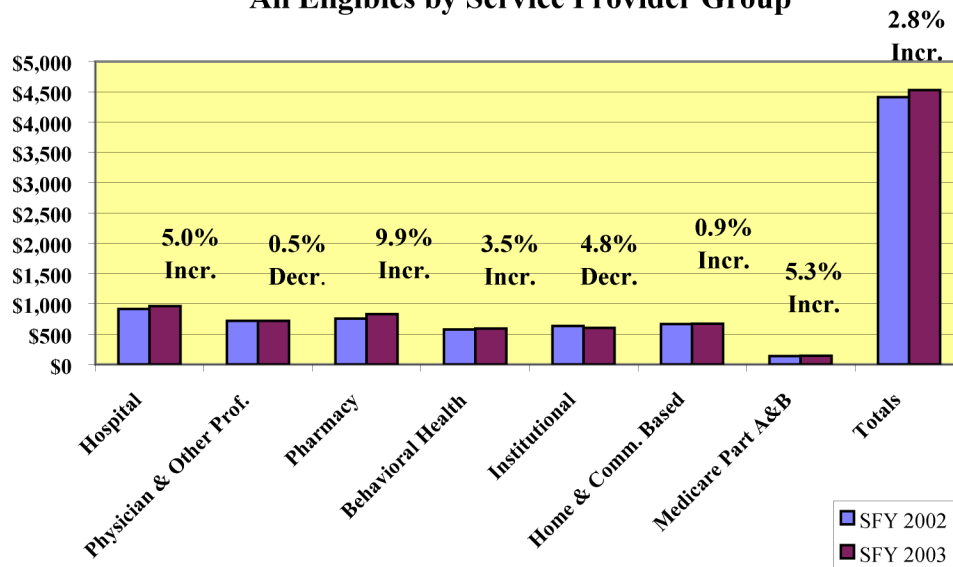
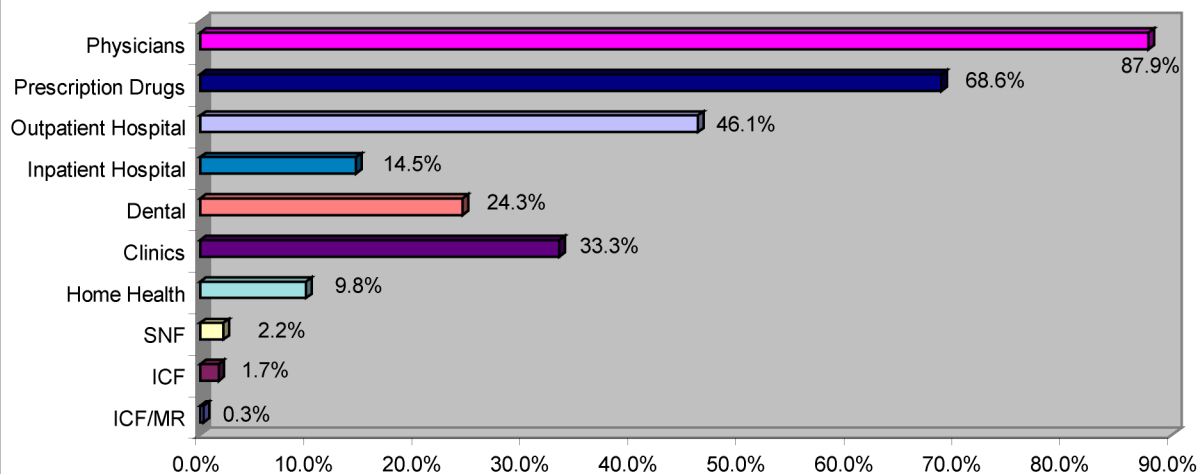


Exhibit 10
State Fiscal Year 2003
Selected Medicaid Services
Percent of Total Users



and 69 percent received at least one prescribed drug. The utilization rate falls off dramatically for other service providers.

Medicaid eligibility and expenditures vary widely among the 100 North Carolina counties, as **Table 9** in the “Medicaid Table” section indicates. The percentage of Medicaid eligibles in the general population is as high as 34 percent in Robeson County and as low as 8.4 percent in Orange County. Expenditures per eligible ranged from a high of \$5,889 in Avery County to a low of \$3,529 in Cumberland County. Lastly, expenditures per capita were the highest in Bertie County at \$1,659 and the lowest in Wake County at \$424.

Note: Detailed information regarding expenditures and services is available in the “Medicaid Tables” section of this report.